

LEASE

This Lease, dated as of June 1, 2002, is a deed of lease made between the BOARD OF SUPERVISORS OF THE COUNTY OF FAUQUIER, VIRGINIA, a political subdivision of the Commonwealth of Virginia (the "Locality"), as lessor, and VIRGINIA RESOURCES AUTHORITY, a political subdivision of the Commonwealth of Virginia ("VRA"), as lessee.

RECITALS

VRA desires to acquire a leasehold interest in certain real estate described on Exhibit A attached hereto (the "Real Estate") and the structures and improvements located thereon as they currently exist, in order to assist the Locality with the construction and equipping of certain public safety facilities, including the construction of a public radio system. The Locality is authorized pursuant to Section 15.2-1800 of the Code of Virginia of 1950, as amended (the "Code") to lease the Real Estate to VRA. VRA will lease the Real Estate to the Locality pursuant to a Financing Lease, dated as of June 1, 2002 (the "Financing Lease"), between the Locality and VRA (the "Lessor"). The Locality proposes to enter into this Lease with VRA in order to enable VRA to acquire a leasehold interest in the Real Estate.

AGREEMENT

In consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

Section 1. Lease of Real Estate. The Locality hereby demises and leases to VRA, and VRA hereby leases from the Locality, the Real Estate, together with all improvements now or hereafter located therein or situated thereon, upon the terms and conditions hereinafter set forth.

Section 2. Definitions. All terms defined in the Financing Lease shall have the same meaning when used herein, unless the context requires otherwise.

Section 3. Term. The term of this Lease shall commence upon execution and delivery of this Lease and shall end on June 1, 2027 unless such term is sooner terminated or relinquished as hereinafter provided.

Section 4. Rental. VRA shall pay to the Locality as rental hereunder the sum of \$5.00 representing rental of the Real Estate in advance for the term of this Lease, receipt of which is hereby acknowledged.

Section 5. Purpose. VRA shall use the Real Estate and the existing improvements thereon solely for the purpose of assisting the Locality with the construction of certain public safety projects. VRA will lease the Real Estate to the Locality pursuant to the Financing Lease; provided, however, that upon the occurrence of an Event of Default (as defined in the Financing Lease) by the Locality under the Financing Lease, VRA may exercise the remedies provided in the Financing Lease.

Section 6. Owner in Fee. The Locality represents and warrants that it is the owner in fee simple of the Real Estate and the existing improvements.

Section 7. Assignment and Sublease; Encumbrances.

(a) VRA may sell, assign or encumber its rights under this Lease or sublet the Real Estate without the consent of the Locality only (i) in connection with the assignment of its rights contemplated by the Financing Lease, (ii) or in connection with the exercise of remedies pursuant to Article X of the Financing Lease.

(b) Except as otherwise provided herein or in the Financing Lease, until the occurrence of an Event of Default or the failure of the Locality to appropriate moneys under the Financing Lease, VRA shall not be entitled to mortgage, pledge, assign or encumber its interest in the Real Estate or this Lease. The Locality agrees that, as long as any of the rental payments under the Financing Lease remain unpaid, except as specifically provided for herein or in the other Local Bond Documents, the union of the interests of the Locality and VRA shall not result in a merger of this Lease and the fee interest in the Real Estate.

Section 8. Termination. In the event the Locality makes all of the rental payments provided for in the Financing Lease, this Lease shall be considered assigned to the Locality and shall be terminated through merger of the leasehold interest with the fee simple interest. VRA agrees, upon such assignment and termination or upon the expiration of the term hereunder, to surrender the Real Estate to the Locality. Any permanent improvements and structures and any personal property existing upon the Real Estate at the time of termination of this Lease shall remain thereon, and title thereto shall vest in the Locality, and such improvements, structures and personal property shall be free of any encumbrance at the time of such termination.

Section 9. Default. Upon the occurrence of an Event of Default under the Financing Lease or upon the exercise of remedies pursuant to Article X of the Financing Lease, VRA and its assignees shall have the right to possession of the Real Estate for the remainder of the term of this Lease and shall have the right to sublease the Real Estate or sell its leasehold interest in the Real Estate and this Lease upon whatever terms and conditions it deems prudent; provided, however, that VRA shall provide or require any subtenant or successor to provide the Locality with adequate public liability insurance covering the Real Estate for the remainder of the term against such risks and in such coverages as are customarily insured against for facilities similar in size and character and shall furnish the Locality with evidence thereof. Notwithstanding the foregoing, if VRA, its assigns or sublessees, shall receive a payment for the sale of its interest or total rental payments for sublease that are, after payment of their expenses in connection therewith, in excess of the purchase price specified in the Financing Lease applicable at the time of the occurrence such termination or Event of Default, such excess shall be paid to the Locality by VRA, its assigns or its sublessee.

The Locality shall not have the right to exclude VRA from the Real Estate, to take possession of the Real Estate (other than pursuant to the Financing Lease) or to terminate this Lease prior to the expiration of its term upon any default by VRA hereunder. Notwithstanding the foregoing, if, upon the exercise of the option to purchase VRA's interest in the Real Estate granted to the Locality in Section 5.2 of the Financing Lease and after the payment of the

purchase price specified therein and the other sums payable under the Financing Lease, VRA fails to convey its interest in the Real Estate to the Locality pursuant to such option, the Locality shall have the right to terminate this Lease, such termination to be effective thirty (30) days after delivery of written notice of such termination to VRA.

Section 10. Quiet Enjoyment. Subject to Section 11 hereof, VRA at all times during the term of this Lease peaceably and quietly shall have, hold and enjoy all of the Real Estate and the improvements thereon.

Section 11. Leaseback to Locality. Contemporaneously with the execution of this Lease, VRA and the Locality shall execute the Financing Lease whereby VRA will lease back to the Locality, and the Locality will lease from VRA, the Real Estate, in accordance with the terms thereof. Title to the Real Estate shall be deemed to remain in the Locality at all times. The Financing Lease contains provisions which govern maintenance, payment of taxes, insurance, damage and destruction and includes the option of the Locality, upon payment of the purchase price or upon completion of all rental payments required thereunder, to purchase VRA's interest in the Real Estate.

Section 12. Severability. If any clause, provision or section of this Lease shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Lease which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Lease. If any agreement or obligation contained in this Lease is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Locality or VRA, as the case may be, only to the extent permitted by law.

Section 13. Notices. All notices or other communications to be given under this Lease shall be in writing and shall be deemed to have been given when delivered in person or when mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Locality, at 40 Culpeper Street, Warrenton, Virginia 20186, (Attention: Assistant County Administrator), or (b) if to VRA, at 107 East Main Street, Suite 1350, Richmond, Virginia 23219 (Attention: Executive Director). The Locality and VRA may designate, by notice given hereunder, any further or different addresses to which subsequent notices or other communications shall be sent.

Section 14. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

Section 15. Successors. This Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 16. Applicable Law. This Lease shall be governed by the applicable laws of Virginia.

Section 17. Headings. The headings of the several sections of this Lease are inserted for convenience only and do not comprise a part of this Lease.

Section 18. No Partnership. Nothing in this Lease shall be construed as making any party a partner or joint venturer with any other party.

Section 19. Amendments. This Lease may not be amended except by written instrument signed by the parties hereto.

IN WITNESS WHEREOF, the Locality, and VRA have caused this Lease to be duly executed as of the day and year first above written.

BOARD OF SUPERVISORS OF THE COUNTY OF
FAUQUIER, VIRGINIA

By: _____
Chairman, Board of Supervisors of the County of
Fauquier, Virginia

VIRGINIA RESOURCES AUTHORITY

By: _____
Executive Director

COMMONWEALTH OF VIRGINIA:

COUNTY OF FAUQUIER:

The foregoing instrument was acknowledged before me in the County of Fauquier, Virginia, this ____ day of June, 2002, by _____, as Chairman of the Board of Supervisors of the County of Fauquier, Virginia on behalf thereof.

My commission expires: _____.

Notary Public

COMMONWEALTH OF VIRGINIA:

CITY OF RICHMOND:

The foregoing instrument was acknowledged before me in the City of Richmond, Virginia, this ____ day of June, 2002, by Robert W. Lauterberg, as Executive Director of Virginia Resources Authority on behalf thereof.

My commission expires: _____.

Notary Public

EXHIBIT A

Description of Real Estate